

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/13)

Fiscal Year 2014-15	BCP No.	Org. Code 0860	Department State Board of Equalization	Priority No.
Program Sales and Use Tax			Element All	Component N/A

Proposal Title
TAX GAP II

Proposal Summary

The Board of Equalization (BOE) requests \$1,175,000 (\$767,000 General Fund (GF) and \$408,000 Reimbursements) in Fiscal Year (FY) 2014-15 and \$1,104,000 (\$721,000 General Fund and \$383,000 Reimbursements) in FY 2015-16 to convert 3.5 limited-term positions to permanent and add 3.0 new permanent positions for the BOE to continue to address California's estimated \$2.3 billion sales and use tax gap through continuing outreach efforts.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the California Technology Agency, or previously by the Department of Finance.

☐ FSR ☐ SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Budget Officer	Date	Chief, Financial Management Division	Date
Deputy Director, Administration	Date	Executive Director	Date

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Technology Agency

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA Date submitted to the Legislature

STATE BOARD OF EQUALIZATION
Sales and Use Tax Program
Tax Gap II
Fiscal Year 2014-15

A. Proposal Summary

The Board of Equalization (BOE) requests \$1,175,000 (\$767,000 GF and \$408,000 Reimbursements) in Fiscal Year (FY) 2014-15 and \$1,104,000 (\$721,000 General Fund and \$383,000 Reimbursements) in FY 2015-16 to convert 3.5 limited-term positions to permanent and add 3.0 new permanent positions for the BOE to continue to address California's estimated \$2.3 billion sales and use tax gap through continuing outreach efforts.

B. Background/History

California's tax system is based on the premise that each taxpayer will correctly determine the amount of taxes owed and remit the taxes to the BOE. Voluntary compliance is the most effective and efficient method of collecting tax and is improved by demonstrating that tax administration is fair, equitable, and committed to ensuring compliance. As such, in 2007, the Sales and Use Tax Department began to concentrate efforts on addressing the sales and use tax gap and encouraging voluntary compliance. A Tax Gap Plan (BCP #2 FY 2008-09) for fiscal years 2008-09 to 2010-11 was approved and several initiatives were implemented.

The initial plan took a comprehensive approach to improve compliance on taxes owed in three main areas: 1) Use tax, 2) Unpaid taxes related to non-filers, and 3) Evaders, and registered taxpayers. The plan specifically focused on education and outreach, use tax related to instate service businesses, audit and collection program improvements, expanded bankruptcy, and out-of-state collection efforts. Not only did these efforts impact the taxpayers addressed, the measures likely caused behavioral changes to taxpayers not directly impacted, resulting in an increased voluntary compliance.

Staff evaluated by use of metrics, the success of these initiatives and, using that information, drafted additional initiatives that are more conducive to a changing economic environment. The additional initiatives were included in the Tax Gap II Plan for FY 2012-13 to 2014-15. One of the components of the Tax Gap II plan consisted of use tax educational outreach. The BOE received 5.5 two-year limited-term positions in FY 2012-13 for the purpose of conducting use tax educational outreach to increase voluntary use tax compliance. As part of the original 5.5 positions, 2.0 were located in the BOE's CSC to answer incoming phone calls. The CSC continues to offer assistance and support to the Tax Gap II efforts. It is estimated that Tax Gap II initiatives created a 4 percent increase in call volume or approximately 24,000 additional calls a year. Callers needing bilingual assistance in Spanish increased during this period as well by approximately 7,000 calls. In addition, in order to handle the increase in complex calls the BOE call center staff needed additional assistance from compliance staff with a higher level of expertise. The CSC implemented a dedicated line to assist the BOE staff with these complex tax and fee payer inquiries. This dedicated line, known as the Customer Service Center Hotline (CSCH), answered over 42,000 calls in the FY 2012-2013. Approximately 1,700 of those calls were associated with Tax Gap II customers needing assistance. In order to handle the increase in calls related to Tax Gap II, the CSC is requesting a permanent a Business Taxes Administrator I (BTA I) and a Business Tax Compliance Specialist (BTCS).

Staff continues to conduct numerous activities, such as educational seminars and presentations that are related to education and outreach for use tax. These efforts have been very successful. For the past two calendar years of 2011 and 2012, assuming an average statewide tax rate of 8.0 percent, total amounts of use tax reported on line 2 of the *Sales and Use Tax Return* were \$1.40B and \$1.49B, respectively, as shown in the table below. This is an increase of use tax reported on line 2 of the *Sales and Use Tax Return* of \$90 million, a portion of which is due to education and outreach efforts conducted by the BOE staff.

	Calendar Year	
	2011	2012
Amount of Use Tax Reported and Paid	\$1.40 Billion	\$1.49 Billion

In 2006 the Board implemented a pro bono tax clinic known as the Tax Appeals Assistance Program (TAAP), which provides free legal assistance for tax and fee payers (with liabilities less than \$20,000 in tax) when filing an appeal. The TAAP furthers the intent of the Taxpayers' Bill of Rights by ensuring that low income and/or underrepresented taxpayers receive the assistance necessary to present all relevant information pertaining to the taxpayer's liability, thereby assisting the Board in determining the correct tax liability. The program consists of five law schools (University of the Pacific McGeorge School of Law, the Loyola Law School at Los Angeles, the Chapman University School of Law in Orange, the Golden Gate University School of Law in San Francisco, and the University of San Diego School of Law in San Diego) which are overseen by two tax counsels that assist law students who are assigned taxpayer appeal cases. In September of 2009 services were provided to assist individual's appealing the BOE consumer use tax billings. With the increased awareness regarding use tax and the Board efforts to close the Tax Gap, TAAP has seen an increase of taxpayers requesting legal assistance.

TAAP is an innovative way for state government to resolve administrative tax appeals. In addition to resolving taxpayer appeals, TAAP achieves considerable "cost avoidance." Cost avoidance is realized when cases are resolved without a formal Board hearing. An analysis performed in 2006-2007 determined the average yearly costs of administering the TAAP is fully offset by its cost avoidance benefits once 138 cases have been resolved without the costs associated with preparing and administering Board hearings. For each case that is resolved without a formal hearing the cost avoidance savings is approximately \$2,800. TAAP resolved 237 cases under appeal without a formal Board hearing, which equates to an approximate savings to the state of \$277,200 for FY of 2011-12.

C. State Level Considerations

The BOE collects taxes and fees that provide approximately 34 percent of the annual revenue for state government and essential funding for counties, cities, and special districts. In FY 2010-11, the BOE-administered taxes and fees produced \$53.7 billion for education, public safety, transportation, housing, health services, social services, and natural resource management. The BOE administers the state's sales and use, fuel, alcohol, tobacco, and other taxes and collects fees that fund specific state programs. More than one million businesses are registered with the agency.

This proposal, in part, addresses the Legislature's intent to reduce the \$2.3 billion sales and use tax gap and complements the Legislature's efforts in dealing with tax issues arising from internet sales. This proposal supports the BOE's strategic plan by maximizing voluntary compliance with, and improving the efficiency of the BOE's programs.

D. Justification

While California's sales tax generally applies to the sale of merchandise, use tax applies to the use, storage, or other consumption of those same kinds of items in the state. Generally, if sales tax would apply when you buy physical merchandise in California, use tax applies when you make a similar purchase without tax from a business located outside the state.

There is over \$1 billion in use tax that is not reported or paid to the state each year due to the fact that most Californians are unaware of the use tax laws (see Attachment I Revenue Estimate). While Assembly Bill 155 expanded the definition of out-of-state retailers engaged in business in California and required to collect use tax, it did not require all out-of-state retailers engaged in business in California to collect the use tax from California consumers and remit it to the state, nor did it affect those taxpayers who are already registered with the BOE who make purchases subject to use tax. Furthermore, while the lookup table

allows taxpayers to utilize their income to compute their use tax liability via the income tax return, it does not reach taxpayers selling merchandise who make purchases subject to use tax; it only applies to consumers who purchase one or more single nonbusiness purchases of individual items of tangible personal property each with a sales price of less than \$1,000. To maximize the use tax voluntary compliance, the BOE requested and received 5.5 limited-term positions to conduct use tax education and outreach to ensure that taxpayers understand their use tax reporting obligations and are provided the tools necessary to comply.

Use tax education and outreach efforts included the following:

Action	Result
Targeted mailing of letters to high income earners that had not reported use tax.	Additional use tax reported of over \$3 million.
Mailing to approximately 86,000 tax practitioners reminding them of use tax obligations and how to use the new look-up table. Mailing occurs two times per year.	Resulted in an increased call volume of approximately 24,000 calls per year for assistance.
Working with Franchise Tax Board (FTB) on the use tax look up table instructions.	Through calendar year 2011 the BOE has consistently seen an approximate 10 percent increase of reporting use tax on the FTB's income tax return. In calendar year 2012 the reported amounts increased by 103 percent. The BOE attributes this dramatic increase to both the outreach efforts to promote voluntary compliance related to use tax and to the use of the lookup table.
Created a total of 12 industry specific web pages with use tax information such as <i>American Indian Tribal Issues</i> and <i>Construction Contractors Industry Guide</i> .	The BOE has had over 1,000 hits on these pages and is currently working on redirecting the location of these pages on its website so that the pages are more easily identifiable.
Created over 220 new and improved educational seminars and presentations to speak to a wide array of business industries.	Presentations attended by over 50,000 taxpayers.
Issued four news releases, initiated or responded to 98 media contacts, and tracked 478 news stories in FY 12-13.	Widespread use tax education and outreach shared with the public.
Created 10 new publications, as well as updated existing publications, and over 100,000 mailers to targeted taxpayers.	
Working with 157 city business license office and 14 county officials on use tax materials they can share with local businesses.	
Developed two use tax educational videos, and the BOE staff is currently working on a third.	

The number of new seller's permits issued each year is approximately 200,000. If the BOE does not convert the 3.5 limited-term staff to permanent status and add the 3.0 new permanent staff, the efforts to continue to inform the new seller's permit holders and the public each year of their use tax obligation(s) will result in declining revenues due to taxpayer turnover. With 200,000 new accounts each year, the BOE has 200,000 new taxpayers every year that must be educated about use tax. Therefore, it is imperative that the BOE continue with its outreach efforts to educate and change the behavior of purchasers, so that society as a whole conforms to a more voluntary compliant group of taxpayers.

Attachment II provides an outline of proposed outreach projects targeted at industries that require education and outreach. Without reaching out to these industries the state's tax gap issue of non-reporting of use tax will likely continue.

As more taxpayers become familiar with use tax the probability of questions will increase overtime regarding: What is use tax? What if I don't pay? What if I don't agree with the assessment? When taxpayers don't respond to board efforts to report and pay use tax an assessment may be in order based on what is believed to be owned. If a taxpayer believes that an assessment is incorrect or they don't owe it the taxpayer has the right to file an appeal in order to dispute the billing.

As our outreach efforts increase, in order to bring awareness to taxpayers on use tax, the probability of more taxpayers filing an appeal will go up when they are disputing the assessment. Without the requested resource for TAAP, the current backlog and unresolved cases will increase. The inability to settle cases in a timely fashion may cause delays in revenue coming to the General Fund and various special fee programs. This proposal also allows the diversion of more cases from the formal Board hearing process, which in turn results in significant cost avoidance to the state.

E. Outcomes and Accountability

This proposal addresses additional education and outreach for use tax. The outcome of this proposal will be measured by increases in use tax reporting on the sales and use tax return by registered businesses, qualified purchasers, and individual consumers reporting use tax on their income tax return. We must continue and maintain our outreach efforts to inform the public about use tax otherwise the state's revenues will decline.

Since the inception of use tax reporting on the Franchise Tax Board's (FTB) income tax return in 2003, the BOE has continually seen an increase of approximately 10 percent reporting of use tax as a result of the education and outreach efforts informing taxpayers of the ability to report use tax on the FTB return. Use tax reported on line 2 of the *Sales and Use Tax Return* increased by \$90 million from calendar years 2011 and 2012. With the same education and outreach efforts emphasized towards registered businesses to report use tax on their sales and use tax return, the BOE anticipates receiving at a minimum an increase of 10 percent as well. Applying that 10 percent increase to those registered taxpayers self-reporting their use tax, the BOE can expect revenue each year of approximately \$9 million (\$90 million x 10 percent). Furthermore, with the BOE's continued efforts to reach high income earners, the BOE anticipates it will obtain revenue of approximately \$1.0 million each year. Therefore, the BOE anticipates the revenues derived from the education and outreach efforts to be approximately \$10 million annually.

Projected Outcomes

Workload Measure	2014-15	2015-16	2016-17
Estimated Revenue from Use Tax Education and Outreach	\$10 million	\$10 million	\$10 million

F. Analysis of All Feasible Alternatives

Alternative 1 – Provide funding of \$1,175,000 to convert 3.5 limited term positions to permanent and add 3.0 new permanent positions effective FY 2014-15 and \$1,104,000 in FY 2015-16 and ongoing.

Pros:

- Provides taxpayers and the general public quality information and education on use tax laws and reporting requirements.
- Enhances enforcement efforts of existing laws.
- Generates revenue of approximately \$10 million in FY 2014-15 and ongoing.

- Encourages taxpayer voluntary compliance due to increased awareness of the use tax program through education and outreach.

Cons:

- Requires a budget augmentation of \$1,175,000 in FY 2014-15 and \$1,104,000 in FY 2015-16 and ongoing.

Alternative 2 – Provide funding of \$1,175,000 in FY 2014-15 and \$1,104,000 in 2015-16 and ongoing to extend the 3.5 limited term positions for an additional three years and add 3.0 new three-year limited term positions.

Pros:

- Provides taxpayers and the general public quality information and education on use tax laws and reporting requirements.
- Enhances enforcement efforts of existing laws.
- Generates revenue of approximately \$10 million in FY 2014-15, FY 2015-16 and FY 2016-17.
- Encourages taxpayer voluntary compliance due to increased awareness of the use tax program through education and outreach.

Cons:

- Requires a budget augmentation of \$1,175,000 in FY 2014-15, \$1,104,000 in FY 2015-16 and FY 2016-17.

Alternative 3 – Deny this request

Pros:

- Does not require a budget augmentation.

Cons:

- Does not provide taxpayers with continuing education on the use tax laws.
- Does not result in revenue of approximately \$10 million in FY 2014-15 and ongoing to close the tax gap because without the continued efforts to remind taxpayers of their obligation to report and pay use tax the revenues will decline.

G. Implementation Plan

July 2014 and ongoing – continue to provide education and outreach regarding the application of use tax.

H. Supplemental Information

☒ None ☐ Facility/Capital Costs ☐ Equipment ☐ Contracts ☐ Other

I. Recommendation

Alternative 1 is recommended. This alternative will allow the BOE to continue to address the tax gap in the area of use tax and continue to generate revenue of approximately \$10 million annually.

Workload Detail for Tax Gap II

EXTERNAL AFFAIRS

Outreach Services Division (OSD)

2.0 Business Taxes Specialist I (BTS I) – Conversion of Limited Term to Permanent

The BOE is committed to helping all California businesses and individuals comply with the state's complex and changing tax laws. The Outreach Division is responsible for developing regional outreach plans to meet taxpayer needs in each Equalization District. The statewide regional outreach goal is to increase voluntary compliance by maximizing the effectiveness of outreach within the four equalization districts in the most effective and cost efficient manner.

The BOE Outreach Services Division has developed a comprehensive statewide outreach and education program to address compliance by both business and tax practitioners (tax attorneys and tax preparers), and to clarify any confusion about sales and use tax responsibility.

The mission of the program is to:

1. Create or strengthen cooperative local and regional partnerships with federal, state and local governments, and the various regional stakeholder groups that interact with the BOE, including, but not limited to, economic development agencies, business trade associations, nonprofits, and tax preparers.
2. Collaborate with our partners to identify industry specific or regional compliance barriers and create targeted educational opportunities that will promote and encourage voluntary taxpayer compliance.
3. Deliver key messages from statewide outreach campaigns to regional stakeholders.

Education and outreach activities in FY 2012-13 focused on helping taxpayers understand the complex and changing tax laws related to the following:

- Helping taxpayers understand use tax.
- Educating taxpayers about permit/license and filing requirements.
 - When do I need a permit or license? How do I eReg?
 - How do I file and pay my taxes to the BOE?
- Helping taxpayers understand what is taxable.

Because of the ongoing success of the Tax Gap II effort, OSD requests the two BTS I positions previously identified as limited term be converted to permanent, in order to continue and sustain the ongoing outreach activities and provide an enhanced level of service to public.

Workload Detail				
Classification: Business Taxes Specialist I (BTS I)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Outreach annual work plan	H	160	1	160
External stakeholders database development	H	110	4	440
Survey creation, compilation, analysis, report	H	10	12	120
Stakeholder meeting and event participation	H	24	50	1,200
Pre-workshop planning (logistics, publicity)	H	22	65	1,430
Conducting workshops	H	4	65	260
Total Business Taxes Specialist I hours				3,610
Total Business Taxes Specialist I Positions Requested (1,800 Hours/Position)				2.0

Customer Service Center (CSC):

The CSC located in Sacramento and in Culver City offers assistance and support to the Tax Gap II efforts. It is estimated that Tax Gap II initiatives created a 4 percent increase in call volume, or approximately 24,000 additional calls a year. Callers needing bilingual assistance in Spanish increased during this period as well by approximately 7,000 calls. In addition, in order to handle the increase in complex calls the BOE call center staff needed additional assistance from compliance staff with a higher level of expertise. The CSC implemented a dedicated line to assist the BOE staff with these complex tax and fee payer inquiries. This dedicated line, known as the Customer Service Center Hotline (CSCH), answered over 42,000 calls in the FY 2012-2013. Approximately 1,700 of those calls were associated with Tax Gap II customers needing assistance. In order to handle the increase in calls related to Tax Gap II, the CSC is requesting a permanent Business Taxes Administrator I (BTA I) and a Business Tax Compliance Specialist (BTCS).

1.0 Business Taxes Administrator I (Permanent, F/T)

With the increase workload in the Sacramento/Culver City call centers, a BTA I is needed. This position will manage, plan and organize the Call Center staff in their daily activities to optimize efficiencies. This will include creating and recommending tax program policies and procedures that focus on the taxpayer and CSC staff. This position will regularly monitor the CSC management reports to ensure efficiencies are being met. The BTA I will also ensure CSC customer service levels are being met on a daily basis.

Workload Detail			
Classification: Business Taxes Administrator I (BTA I)	Time Measure		On-going Activities
Activity	M = Measure H = Hours	Occurrences Per Year	Total Hours
Manages CSC operations. Plan, organize, direct, distribute and evaluate the work of call center staff.	H		720
Evaluate service and performance levels. Develop and implement effective performance measures. Direct and communicate priorities to multidisciplinary staff.	H		540
Prepares and reviews statistical information to evaluate staff performance and recommend changes for improvement. Plans, organizes and directs all personnel actions and issues for CSC, including selection, promotions, probationary reports, IDP's and guidance to staff.	H		360
Serves as a backup to the Staff Services Manager II (SSM II) and other staff as needed. Performs other duties as required.	H		180
Total Business Taxes Administrator I hours			1800
Total 1 Business Taxes Administrator I position needed. (1,800 Hours/Position)			1.0

1.0 Business Taxes Compliance Specialist (Permanent, F/T)

A BTCS will be needed to develop, schedule and provide training/mentoring to the technical staff concerning the increased complexity of calls related to the Tax Gap II efforts. The position will be located in our Culver City office where the bulk of our Spanish speaking staff is located. The BTCS will coordinate the bilingual staff training and track calls being received on our Spanish line to improve services and efficiencies for our Spanish speaking customers. This position will also be utilized to monitor and evaluate staff ensuring the information staff provides is accurate and concise. The BTCS will also develop research and provide various complex management reports related the Tax Gap II efforts. The BTCS will back up the BTA I.

Workload Detail			
Classification: Business Taxes Compliance Specialist (BTCS)	Time Measure		On-going Activities
Activity	M = Measure H = Hours	Occurrences Per Year	Total Hours
Trains the technical and journey level compliance staff.	H		1080
Represents CSC in a variety of meetings and projects. Provides statistical analysis and reporting of complex data. Advisory services to technical staff. Responds to taxpayer internet email inquiries. Prepares and reviews statistical information to evaluate staff performance and recommends changes for improvement.	H		450
Serves as a backup to the Business Taxes Administrator I.	H		180
Other duties, as required.	H		90
Total Business Taxes Compliance Specialist hours			1800
Total Business Taxes Compliance Specialist positions needed (1,800 Hours/Position)			1.0

SALES AND USE TAX DEPARTMENT (SUTD)

Data Analysis Section (DAS)

0.5 Business Taxes Specialist I (BTS I) – Conversion of Limited Term to Permanent

This position compiles and reconciles relevant data into databases for use with the use tax educational outreach. Information will be utilized for different programs depending upon the type of data sought and received. The DAS staff person is a critical supporting function for a vast majority of the outreach efforts.

Workload Detail				
Classification: Business Taxes Specialist I (BTS I)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Identify useful data sources for identifying potential consumers with purchases subject to use tax.	H	20	20	400
Data match to the BOE's current data sources to provide educational leads.	H	20	20	400
Reporting activities related to program performance and compliance.	H	10	20	200
Total Business Taxes Specialist I hours				1,000
Total Business Taxes Specialist I Positions Requested (1,800 Hours/Position)				0.5

Audit and Information Section (AIS)

1.0 Business Taxes Specialist I – Conversion of Limited Term to Permanent

The BTS I in AIS acts as a liaison between the External Affairs Department and the Tax Policy Division with respect to the technical aspects of the application of use tax and the implementation and administration of use tax programs.

Workload Detail				
Classification: Business Taxes Specialist I (BTS I)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Implement and administer programs and policies, including the coordination of efforts with other departments and divisions.	H	45	20	900
Draft publications, notices, and guidance to staff.	H	40	9	360
Prepare technical responses to inquiries from tax professionals and the general public.	H	8	45	360
Resolve issues with the different district offices and headquarters sections.	H	10	18	180
Total Business Taxes Specialist I hours				1,800
Total Business Taxes Specialist I Positions Requested (1,800 Hours/Position)				1.0

Executive – Taxpayers’ Rights Advocate Office (TRAO)

Tax Appeals Assistance Program (TAAP)

In January of 2006 the Board implemented a pro bono tax clinic known as the Tax Appeals Assistance Program (TAAP), developed by the Taxpayers’ Rights Advocate Office (TRAO), with the support of the Appeals Division of the Legal Department (Appeals). The program furthers the legislative goals of the Taxpayers’ Bill of Rights by insuring that low income and/or under representative taxpayers receive the assistance necessary to present all relevant information pertaining to the taxpayer’s liability, thereby assisting the Board in performing its duty of determining the correct liability. The program currently consists of five law schools strategically located throughout California in order to provide assistance to taxpayers. TAAP is an innovative way for state government to resolve administrative tax appeals at the lowest level and has been considered a model for other states. In addition, to resolving taxpayer cases, TAAP achieves “cost avoidance” by resolving cases without having to have a formal Board hearing. The increased awareness of TAAP has maximized resources and reached its limit in order to provide quality services to taxpayers and individuals that qualify for the program. In January of 2014, TAAP will offer legal assistance for individuals held responsible for personal liability.

1.0 Tax Counsel III (TC III)

The Tax Counsel III position is responsible for overseeing the day to day operations of the TAAP. The attorney services in the role of an externship professor at each law school overseeing the daily work of law students. The attorney provides on campus instructions to the law students on the relevant substantive laws and the procedural rules governing the appeals process with the BOE. On-going guidance and supervision is provided to law students as they represent the clinic's clients and if a hearing is necessary, accompanies them as they appear before the Board.

The table below provides the estimated workload for these positions.

Workload Justification				
Classification: Tax Counsel III (TC III)	Time Measure		On-going Activities	
Activity	M = Measure H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Class instruction at universities.	H	3.5	120	420
Travel.	H	.5	120	60
Pre instruction preparation for class.	H	35	2	70
Research, writing, and preparation for appeals presentation.	H	25	50	1250
Total Tax Counsel III hours	1800			1800
Total Tax Counsel III position requested (1,800 Hours/Position)				1.0

Fiscal Summary

(Dollars in thousands)

BCP No.	Proposal Title Tax Gap II			Program SUTD		
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages ¹	0.0	6.5	6.5		\$490	\$490
Total Staff Benefits ²					\$223	\$223
Distributed Administration					\$97	\$92
Total Personal Services	0.0	6.5	6.5		\$810	\$805
Operating Expenses and Equipment						
General Expense					\$67	\$27
Distributed Administration					\$24	\$23
Printing						
Communications					\$11	\$11
Postage						
Travel-In State					\$73	\$73
Travel-Out of State						
Training					\$7	\$7
Facilities Operations					\$127	\$102
Utilities					\$2	\$2
Consulting & Professional Services: Interdepartmental ³						
Consulting & Professional Services: External ³						
Data Center Services					\$23	\$23
Information Technology					\$31	\$31
Equipment ³						
Other/Special Items of Expense: ⁴						
Total Operating Expenses and Equipment					\$365	\$299
Total State Operations Expenditures					\$1,175	\$1,104
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund	0860	001	0001		\$767	\$721
Special Funds ⁵						
Federal Funds						
Other Funds (Specify)						
Reimbursements	0860	001	0995		\$408	\$383
Total Local Assistance Expenditures						
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds ⁵						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Grand Total, State Operations and Local Assistance					\$1,175	\$1,104

¹ Itemize positions by classification on the Personal Services Detail worksheet.² Provide benefit detail on the Personal Services Detail worksheet.³ Provide list on the Supplemental Information worksheet.⁴ Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.⁵ Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

(Whole dollars)

Salaries and Wages Detail

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BOARD OF EQUALIZATION

REVENUE ESTIMATE

ELECTRONIC COMMERCE AND MAIL ORDER SALES

Summary

The California State Board of Equalization (BOE) summarizes California electronic commerce and mail order sales and use tax revenue estimates for fiscal years 2012-13 through 2014-15 in Table 1. The BOE estimates that total revenue losses related to remote sellers for both businesses and household consumers were about \$1.012 billion in fiscal year 2012-13. These losses are expected to grow to \$1.080 billion by fiscal year 2014-15, consistent with substantial growth in electronic commerce sales.

These revenue losses are spread among approximately 12.4 million households and 3.7 million businesses. Unpaid sales and use tax liabilities in 2013-14 average \$44 per year for each California household, which are associated with more than \$500 per household in taxable purchases. California businesses average \$157 per year in unpaid sales and use tax liabilities.

Table 1			
Fiscal Year Forecasts of Use Tax Revenue Losses			
(Millions of Dollars)			
	Fiscal Year		
	2012-13	2013-14	2014-15
Business to Consumer (B-to-C)	\$492	\$547	\$607
Business to Business (B-to-B)	\$520	\$574	\$472
Total Use Tax Revenue Losses	\$1,012	\$1,121	\$1,080
Total Use Tax Revenue Losses by Funding Jurisdiction			
State	\$785	\$869	\$837
Local	\$227	\$251	\$242
Total State and Local Use Tax Revenue Losses	\$1,012	\$1,121	\$1,080
Note: Totals may not add because of rounding.			

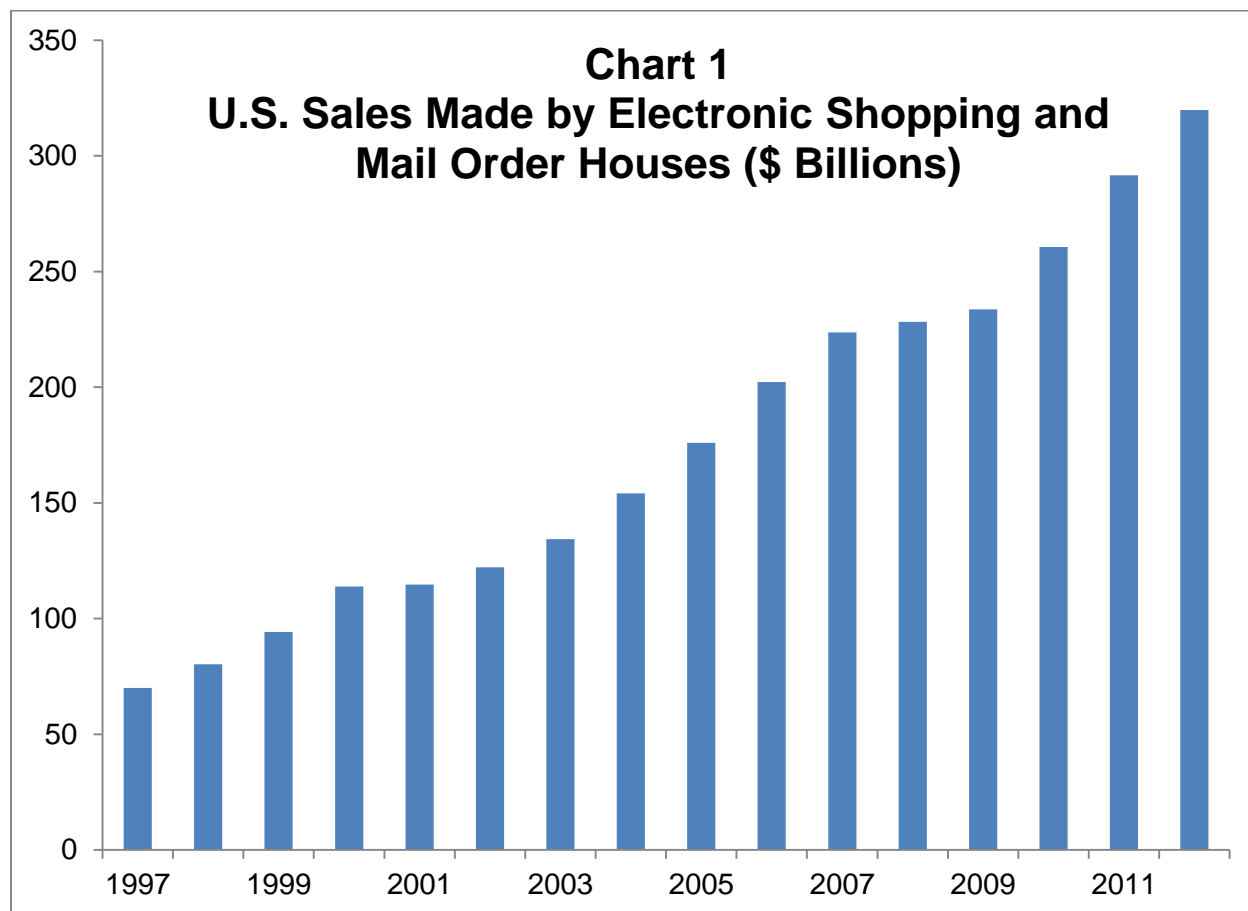
Introduction

Updated Estimates. This is an update of the BOE 2010 electronic commerce and mail order sales and use tax gap estimates for fiscal years 2012-13 through 2014-15. The “tax gap” is defined as the difference between what taxpayers owe and what they voluntarily pay. These estimates of sales made by out-of-state companies reflect updated and revised data, changes in business practices, law changes, and regulation changes since December 2010. To revise the

estimates, the BOE reviewed Sales and Use Tax Department data and information released by the U.S. Census Bureau and other sources, including industry.

One of the most important differences from the 2010 study is an update of the percentage of sales made from unregistered out-of-state companies to California households. The most recent review indicates that 23 percent of such sales come from companies not registered with the BOE. In the 2010 report, the estimate was 37 percent. With this decline in the percentage and no other changes in law, sales tax administration practices, taxpayer behavior, or other factors, the tax gap associated with electronic commerce and mail order sales would be expected to decrease significantly from the estimates released in 2010.

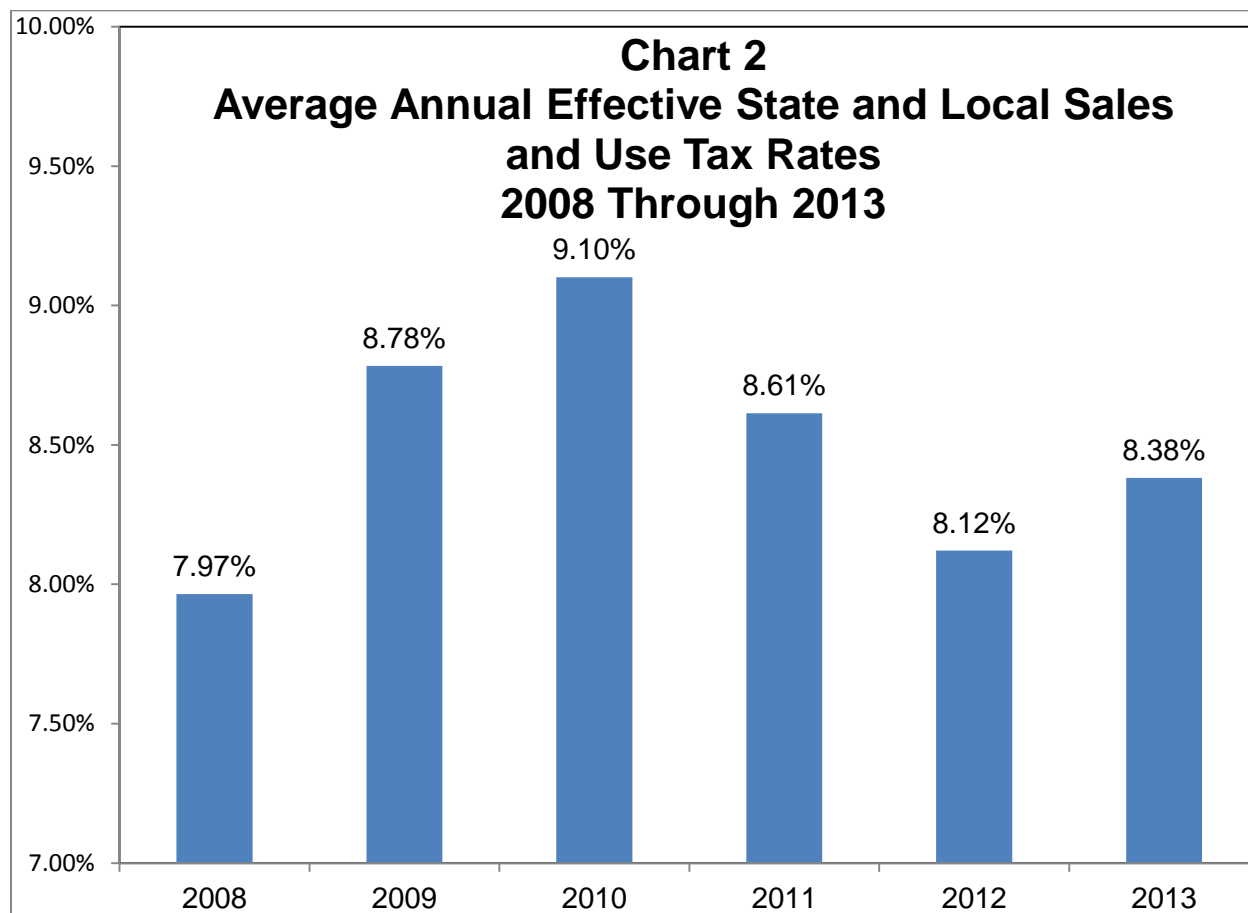
Historical Changes in Annual Tax Gap Estimates. As shown in Chart 1, U.S. sales made by “Electronic Shopping and Mail Order Houses” have risen dramatically since the late 1990s. These sales jumped more than four-fold, from \$70 billion in 1997 to \$320 billion in 2012, primarily from increases in electronic commerce.¹ Over the past three years they have grown, on average, over 11 percent per year. The data available show double-digit increases continuing into the first half of 2013.



¹ Source: U.S. Census Bureau, <http://www.census.gov/retail/>

Based on the data in Chart 1, the BOE estimated California historical noncompliance (tax gap) revenues for business-to-consumer transactions from 1997 to 2012. From 1997 to 2011, the BOE calculated these revenues assuming 37 percent of sales were from unregistered out-of-state companies (the percentage used in the 2010 study). For illustrative purposes, BOE assumed 23 percent (the current estimate) in the 2012 calculations.

With no other change in federal or state laws, sales tax administration practices, taxpayer behavior, or other factors, the tax gap associated with electronic commerce and mail order sales would be expected to increase generally every year from 1997 to 2011, paralleling the growth shown in Chart 1. However, many of these factors have changed within the past 17 years. For example, combined state and local sales tax rates increased gradually from 1997 to 2008, rising from 7.92 percent to 7.97 percent, primarily because of more local district taxes over this time period. However as shown in Chart 2, rates have varied dramatically from 2008 to 2013, mostly due to legislative changes in statewide tax rates.



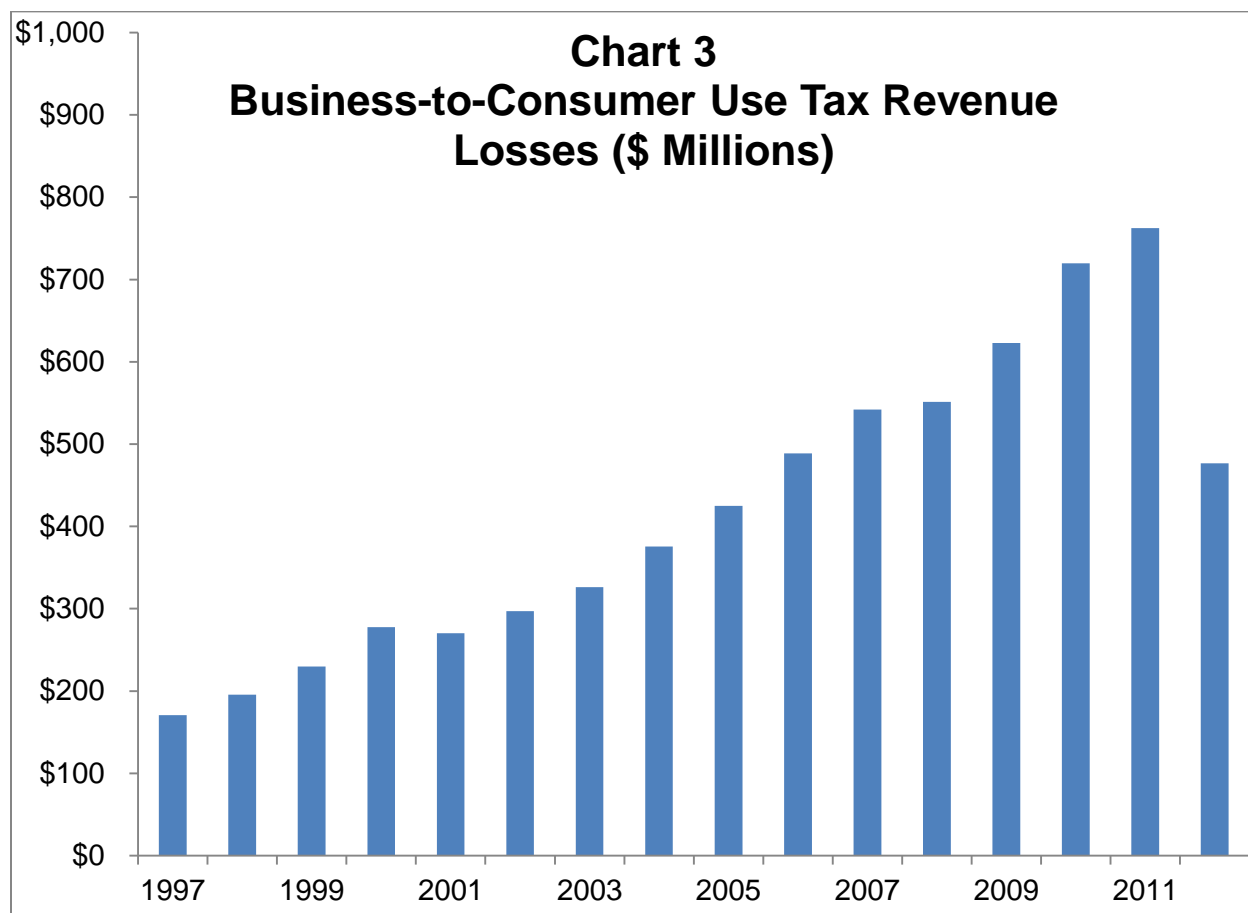
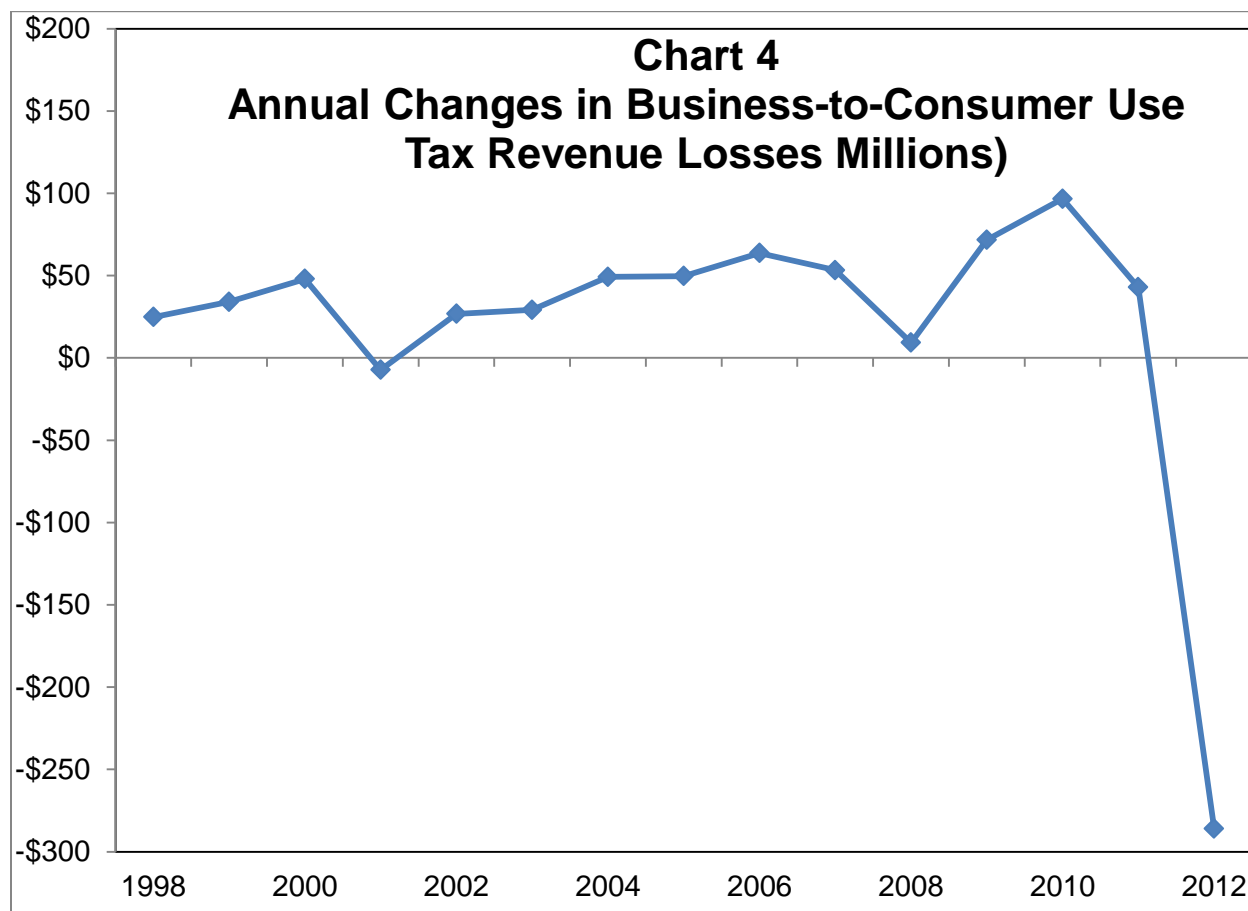


Chart 3 shows annual business-to-consumer use tax revenue losses. They rose from \$171 million in 1997 to \$763 million by 2011. In 2012, with the decrease in unregistered out-of-state sellers (nexus percentage) from 37 percent to 23 percent, the tax gap declined dramatically, to \$477 million.² This amount decreased from 2006.

² This number differs from the estimate for 2012 shown later in this report in Tables 1, 3 and 4 because the Table 3 number relies on data not available for all years from 1997 to 2012.

Chart 4 shows annual changes in the tax gap using the data in Chart 3. The 2012 decline in the tax gap is unlikely to occur in future years unless tax laws or other factors change significantly. This is because the dramatic decrease in the nexus percentage in 2012 is not expected to be repeated in future years under current law. If electronic commerce growth continues at the same rate, the tax gap would be expected to annually increase. However, the absolute size of the gap will continue to be nearly \$300 million less than it would have been without the decrease in the nexus percentage.



Background, Methodology, and Assumptions

(1) Background Sources and Data Assumptions

The methodology used to derive these estimates is similar to what was used in BOE's previous revenue estimates. There are two major markets for electronic commerce: business-to-consumer (B-to-C) and business-to-business (B-to-B). Each market has its own separate data sources and critical assumptions. It is assumed all mail order sales are B-to-C. The data sources and methodology are summarized here.

(2) Business-to-Consumer (B-to-C)

Data and Methodology. The BOE used the exact same data and methodology to determine taxable remote sales and the percentage of those sales made by firms registered in California that were used in the determination of the "Lookup Table" for calendar year 2013 specified in Regulation 1685.5 (Approved by Office of Administrative Law and filed with the Secretary of State with an effective date of 07/01/13.) Table 2 summarizes the relevant calculations made in Regulation 1685.5.

Table 2	
Calculations to Determine Regulation 1685.5 Use Tax Table Percentage for 2013 (2012 Data)	
U.S. Personal Income (Billions of Dollars) ^{1/}	\$13,431
U.S. Spending at Electronic Shopping and Mail Order Houses (Billions of Dollars) ^{2/}	\$320
Additional Estimated Remote Sales From Other Retailers (2009 data, U.S. Census Bureau, E-Stats, Billions of Dollars)	\$10
Total Estimated Remote Sales	\$330
Taxable Percentage ^{3/}	69.3%
Estimated Taxable Remote Sales	\$228.513
Percent of Income Spent on Electronic and Mail Order Purchases	1.7%
Average Percentage of California Purchases From Out-of-State Vendors Without Nexus ^{4/}	23%
Average State and Local Sales and Use Tax Rate ^{5/}	8.38%
Use Tax Table Percentage	0.033%
<u>Sources:</u> 1/ U.S. Bureau of Economic Analysis, "Table 2.1," http://www.bea.gov . 2/ U.S. Census Bureau, "Monthly Retail Trade Report," http://www.census.gov/retail . 3/ U.S. Census Bureau, <i>2007 Economic Census, Product Lines</i> , http://www.census.gov/econ/census07 . 4/ Regulation 1685.5. 5/ Board of Equalization, Research and Statistics Section.	

(A) Specific Data Sources. Remote sales are defined as electronic or traditional mail order sales. Our basic data source is the U.S. Census Bureau, as it was in previous estimates. The Census Bureau publishes sales estimates for North American Industrial Classification System (NAICS) Industry 4541, "Electronic Shopping and Mail Order Houses," (ESMOH) monthly, annually and every five years in various reports.³ This industry data consists of retailers whose primary business (or a separate subsidiary) is mail order or electronic commerce sales. Based on another Census Bureau publication, BOE adds a Census Bureau estimate of e-commerce sales from companies that make some sales from websites, but have no separate website subsidiaries.

(B) Taxable Portion of Remote B-to-C Sales. Remote sales data from the *2007 Economic Census* for NAICS Industry 4541 include detailed product categories and sales volumes. Based on this product list, BOE estimates that about 30.7 percent of U.S. remote sales were exempt in

³ Every five years the U.S. Census Bureau counts businesses. The most recent census year was 2007.

2007 under the California Sales and Use Tax Law. Prescription drugs account for the vast majority of these exempt sales; 26.2 percent of the 30.7 percent, are prescription drugs. These percentages apply to all remote sales; there are no separate product data for electronic and mail order sales. It is assumed these national product category percentages of remote sales also apply to California. This premise implies that 69.3 percent of remote sales are taxable to California purchasers.⁴

(C) Compliance and Nexus Percentage Assumptions. For revenue estimation, BOE assumes that all retailers registered with the BOE (firms with California nexus) are remitting the sales and use tax they owe. It is further assumed that all household use tax payments were remitted on income tax forms.

Based on 2012 research and the methodology specified in Regulation 1685.5, BOE estimates that 77 percent of remote sales to California households were made from retailers with California nexus. This percentage includes registrations made in response to AB 155 (*Statutes of 2011*).

(D) Forecast Assumptions. Forecasts for 2013 through 2015 growth assume the growth rate of ESMOH for the past three years. This average growth rate is 11.1 percent per year.

Tables 2 and 3 show how these assumptions and data combine to result in a revenue estimate for calendar year 2012. The shaded line in Table 2 (Estimated Taxable Remote Sales) indicates that this figure provides a starting point for the calculations made in Table 3. BOE assumes that all calendar year liabilities for 2012 (\$492 million) are paid in the fiscal year 2012-13. Table 4 shows forecasts of revenues for the following two fiscal years.

Table 3 Estimate of Business to Consumer (B-to-C) Use Tax Noncompliance in Calendar Year 2012	
	Millions of Dollars in 2012
Estimated U.S. Taxable Remote Sales (Regulation 1685.5, Table 2)	\$228,513
California Share (U.S. Census Bureau, 12 Percent of U.S. Population)	\$27,422
Remote Sales From Unregistered Companies (23%, Regulation 1685.5)	\$6,307
Implied Taxable Sales Reported on Personal Income Tax Forms (Source: Franchise Tax Board, Assume Statewide Average Tax Rate of 8.12%)	\$249
Implied Noncompliant Remote Sales (Sales Not Reported)	\$6,058
Revenues at a Statewide Average Tax Rate of 8.12%	\$492

Table 4 Fiscal Year Forecasts of Business to Consumer (B-to-C) Use Tax Noncompliance (Millions of Dollars)			
	2012-13	2013-14	2014-15
	\$492	\$547	\$607

⁴ This percentage, 69.3 percent, differs slightly from the 69.5 percent used in 2010 due to a more thorough review of the Census data for implementation of Regulation 1685.5 after BOE's 2010 estimates were released.

(3) Business-to-Business (B-to-B)

(A) Data Sources and Definitions

The data available for estimating B-to-B revenues are less certain than that for B-to-C revenues.⁵ BOE based its B-to-B revenue estimate on data from the Merchant Wholesale Trade Sales Survey published by the U.S. Census Bureau.⁶ Unlike the B-to-C data, BOE is unaware of any Census Bureau estimates that include traditional mail order sales to businesses. The BOE assumes that B-to-B electronic commerce sales include traditional mail order sales from one business to another business.

(B) Adjustments

Vehicle Sales Adjustments and Industry Exemptions. Transportation equipment purchases are excluded from the estimates because most vehicles are registered with the Department of Motor Vehicles, and sales and use tax compliance is generally very high as a result. Some industries have exemptions or partial exemptions that reduce their use tax liabilities. BOE adjusted for industry exemptions, including the use tax exemption for insurance and the partial farm equipment sales and use tax exemption for agriculture.

Available data sources reasonably estimate vehicle sales and these specific industry exemptions, enabling BOE to adjust for them. Apparently, no data exists to adjust similarly for online purchases. Therefore, BOE assumed that the overall purchase data relationships matched the online data relationships. Data sources for these adjustments are the U.S. Census Bureau and the U.S. Bureau of Economic Analysis (BEA).⁷

California Share of U.S. Sales. The California portion of sales was excluded by estimating the California share of all U.S. companies that are registered with BOE. An estimate of 13 percent for the California share of U.S. B-to-B sales was used, which is slightly higher than our population share of the nation (12 percent) to reflect the California share of U.S. gross domestic product.

(C) Exempt Sales. Sales data tabulated by the Census Bureau include both final sales and sales of intermediate goods used as inputs in the production process. 60 percent of sales are assumed exempt, either because final goods sold are exempt or because the sales are for resale or intermediate goods used in production. If 60 percent of sales are exempt, this implies that the remaining 40 percent of sales are taxable under California law.

(D) Compliance by Businesses. These estimates reflect all taxable business purchases made without regard to whether sales or use tax has been paid. Businesses can pay sales and use

⁵ U.S. Census Bureau e-commerce data are collected in several separate surveys. These surveys use different measures of economic activity (shipments, sales and revenues). The Census Bureau notes that these measures "should be interpreted with caution." There is potential for double counting of sales if the data are interpreted incorrectly. Furthermore, we do not know with certainty how much of the total B-to-B sales and use tax obligation has already been paid by businesses.

⁶ 2011 E-Commerce Multi-sector Report, U.S. Census Bureau, May 23, 2013, web site: <http://www.census.gov/eos/www/ebusiness614.htm>.

⁷ Sources: 2013 Capital Spending Report: U.S. Capital Spending Patterns, 2002-2011, U.S. Census Bureau; Table 5.5.5 and "Industry Tables," U.S. Bureau of Economic Analysis.

tax to registered companies at the time of purchase. Alternatively, purchasers can pay use tax either directly to BOE or on their individual income tax returns. Overall compliance rates are unknown.

Through one means or another BOE believes that registered sales and use tax is paid on 90 percent of California taxable B-to-B electronic commerce sales. BOE data on tax returns processed under ABx4 18⁸ indicate a similar percentage. The Illinois Department of Revenue estimates that businesses pay 90 percent of their sales and use tax liabilities.⁹ This compliance percentage also is consistent with data from the U.S. General Accountability Office (GAO), which assumed a range of 50 to 95 percent compliance rates for taxable B-to-B purchases, excluding cars.¹⁰ The BOE believes California is likely to have far better compliance than most states because of both size (which implies more business purchases from firms with nexus) and a long tradition of relatively strong tax administration. Ninety percent compliance implies that the remaining 10 percent of taxes due are not paid.

(E) Forecast Assumptions. The most recent B-to-B e-commerce data are available for 2011. Census Bureau and BEA data indicate that the vast majority of business spending for final consumption is for capital equipment items. The BOE estimated B-to-B e-commerce for 2012 through 2015 using the growth rates of capital equipment spending from the June 2013 *Global Insight* Forecast.¹¹

(F) Adjustment for Recent Legislation

Assembly Bill 93 (as amended by Senate Bill 90) created partial sales and use tax exemptions for manufacturing and bio-technology equipment that will take effect July 1, 2014. The BOE adjusted for the impacts of this legislation. The same Census Bureau source used to determine B-to-B revenues indicates that 24 percent of all U.S. merchant wholesale trade sales were electronic commerce sales in 2011. The BOE assumes electronic commerce purchases made under AB 93 are the same percentage prior to adjusting for the BOE Tax Gap Program and ABx4 18¹².

Table 5 shows how these assumptions and data combine to impact revenue estimates for each year. The data in the table are documented with line number references. It is assumed that all calendar year liabilities are paid in the fiscal year ending July 1 of the following year. Baseline

⁸ ABx4 18, Statutes of 2009 enacted Revenue and Taxation Code Section 6225, which requires a qualified purchaser to register with the Board and report and pay use tax owed for the previous calendar year.

⁹ "A New Method for Estimating Illinois's E-Commerce Losses," Andy Chupick and Natalie Davila, *Tax Analysts Special Report*, February 16, 2009.

¹⁰ *Sales Taxes: Electronic Commerce Growth Presents Challenges; Revenue Losses Are Uncertain*, U.S. General Accounting Office, June, 2000. Car sales are often excluded in such analyses because with vehicle registration requirements, tax compliance rates for car purchases are assumed to be close to 100 percent.

¹¹ *Global Insight* is a well-known economic forecasting company that produces detailed monthly forecasts of the U.S. economy. The Research and Statistics Division, along with the Department of Finance and state agencies of many other states, subscribes to *Global Insight* forecasts.

revenues are estimated first. Next, they are adjusted by subtracting estimated use tax to be paid by businesses because of the BOE Tax Gap Program and ABx4 18. Revenues from the BOE Tax Gap Program and ABx4 18¹² are estimated to be \$38 million and \$51 million per year, respectively. Increases in these figures over time were not forecast due to insufficient data, and no clear trend in the available data. Using the methodology discussed earlier, the AB 93 legislation reduced fiscal year 2014-15 revenues on Line 19 of Table 5 by \$155 million. (Revenues were \$627 million prior to this calculation.) With this adjustment, revenues are \$472 million, less than they were in 2011-12.

Preparation

Joe Fitz, Chief of the Research and Statistics Section, prepared this revenue estimate. For additional information, please contact Mr. Fitz at (916) 323-3802. Any use of this data should be credited to the California State Board of Equalization (BOE).

Current as of August 21, 2013.

cc: Ms. Cynthia Bridges
Mr. Jeff McGuire
Ms. Susanne Buehler
Ms. Michele Pielsticker
Mr. Larry Bergkamp
Mr. Bill Benson
Mr. Ronil Dwarka

¹² See *supra* note 6.

Table 5						
Business to Business (B2B) Sales and Revenues (Millions of Dollars Unless Otherwise Noted)						
Line No.		Calendar Years				
		Actual	Estimated	Forecast	Forecast	
		2011	2012	2013	2014	2015
1	Merchant Wholesale Trade Sales (MWTS) E-commerce	1,573,129	1,694,834	1,784,966	1,926,626	2,091,900
2	Percent Change	10.2%	7.7%	5.3%	7.9%	8.6%
	<u>Adjustments:</u>					
3	Transportation equipment	19,085	22,818	23,728	25,317	27,199
4	Partial exemption for agricultural equipment	7,460	8,037	8,465	9,136	9,920
5	Insurance equipment	2,794	3,010	3,171	3,422	3,716
6	U.S. E-commerce Adjusted for Industry Exemptions (Line 1 - Line 3 - Line 4 - Line 5)	1,543,789	1,660,969	1,749,602	1,888,751	2,051,065
7	California share of U.S. Gross Domestic Product	13%	13%	13%	13%	13%
8	Exclude Estimated Sales Made by CA Businesses (Line 6 x Line 7)	200,693	215,926	227,448	245,538	266,638
9	California-Adjusted U.S. Remote Sales (Line 6 - Line 8)	1,343,097	1,445,043	1,522,154	1,643,213	1,784,426
10	Estimated Share of Taxable Sales	40%	40%	40%	40%	40%
11	California-Taxable U.S. Remote Sales (Line 7 x Line 9 x Line 10)	69,841	75,142	79,152	85,447	92,790
12	Baseline Noncompliance Rate	10%	10%	10%	10%	10%
13	Revenue Loss Tax Base (Line 11 x Line 12)	6,984	7,514	7,915	8,545	9,279
14	Tax Rate (Average Annual Rate for Calendar Year) ^{1/}	8.61%	8.11%	8.38%	8.38%	8.38%
		Fiscal Years				
		<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	
15	Estimated CA-adjusted baseline revenues (Line 13 x Line 14)		\$601	\$609	\$663	\$561
16	<u>Revenue Adjustments:</u>					
17	BOE Tax Gap Program		38	38	38	38
18	Assembly Bill x4 18 ¹³		51	51	51	51
19	<i>Estimated Revenue Losses (Line 15 - Line 17 - Line 18)</i>		<i>\$512</i>	<i>\$520</i>	<i>\$574</i>	<i>\$472</i>
1/ Average rate for calendar year 2011, including the temporary tax increase effective from April 1, 2009 through June 30, 2011.						

¹³ See *supra* note 6.

List of Proposed Outreach PROJECTS

Project	District Office (DO)	Outreach Methods	Estimated Completion Date
PowerPoint Presentations. Update and enhance or add the following Speaker's Bureau PowerPoint presentations: <ul style="list-style-type: none"> • Small Business Fair Basic Sales and Use Tax • Nonprofit Seminar • Restaurant Seminar • Basic Sales and Use Recordkeeping, • eFiling, eReg, ePay presentation • Construction contractors • Internet sales and purchase • Catering/Food Trucks • Cash-based businesses (your taxing obligations) • Gas Stations • Used Car Dealers • Artists/Graphic Designers • In -language Sales and Use Tax Class (Spanish, Vietnamese, Chinese) Use less regulatory language and use easy real life samples, keep all presentations to 1 hour or less (less is preferred)	All	1. Make presentations available for download from eBOE and website 2. Attend Trade Assn meetings as a guest speaker 3. Attend Industry Assn meeting as a guest speaker 4. Presentations at college businesses classes	

List of Proposed Outreach PROJECTS

Project	District Office (DO)	Outreach Methods	Estimated Completion Date
Industry Specific Videos. Scripts can be started from current industry specific BOE publications. Keep all videos to less than 20 minutes (5-10 minutes preferred). Start with: <ul style="list-style-type: none"> • Nonprofits • Restaurants • Gas Stations • Home-based businesses • Internet businesses/Auctions • Used Car Dealers • Use Tax – Farming Equipment and Large Manufacturers 	All	<ol style="list-style-type: none"> 1. Online video posted to BOE site, YouTube, Facebook, etc. 2. Outreach to industry stakeholders and partners to inform and promote videos 3. eBlast link to appropriate business codes when videos are completed 4. (F/Up whenever updated) 5. Make available Spanish 	
YouTube Tax Tips. Scripts can be started from current tax fact BOE publications. Keep all videos to less than 7 minutes (3-5 minutes is preferred). Start with: <ul style="list-style-type: none"> • <i>Combination Packages and Gift-Wrapping</i> • <i>Coupons, Discounts and Rebates</i> • <i>Tips, Gratuities, and Service Charges</i> • <i>Labor Charges</i> • <i>Drop Shipments</i> • <i>Sales and Use Tax Records</i> • <i>eReg</i> • <i>eFile</i> • <i>ePay</i> 	All	<ol style="list-style-type: none"> 1. Online video post to YouTube, link to it from the BOE Facebook page 2. Outreach to industry stakeholders and partners to inform and promote 3. eBlast link to appropriate business codes when YouTube videos are completed (F/Up whenever updated) 	

List of Proposed Outreach PROJECTS

Project	District Office (DO)	Outreach Methods	Estimated Completion Date
Compliance Tips Op-ed and Articles for Industry Newsletters and local media outlets. Start with basics: Record keeping, eReg, Resale Certificates, Use tax, Cash-based businesses; but use samples and language specific to the industry that the Op-ed is intended for.	All	<ol style="list-style-type: none"> 1. Submit to industry newsletters 2. Submit to chamber newsletters 3. Submit to local media outlets 4. Attend industry and chamber meeting to promote BOE services and articles 	
SUTD Industry Specific Webpages - Add to the current groups. Include toolkit with links to; presentations, YouTube videos, pubs, regulations, groups that can help them (SBA, SCORE, SBDC, etc.) Add: <ul style="list-style-type: none"> • Nonprofits • Gas Stations • Home-based businesses • Internet businesses/Auctions • Used Car Dealers • Farming Industry • Swap meets • Catering Trucks/Food Trucks • Audit and Dual Liability 	All	<ol style="list-style-type: none"> 1. Outreach to industry stakeholders and partners to inform and promote webpage 2. eBlast link to appropriate business codes as webpages are completed (F/Up whenever updated) 	

List of Proposed Outreach PROJECTS

Project	District Office (DO)	Outreach Methods	Estimated Completion Date
Expos and Booths. Have expo booths or tables at annual conferences for industry groups, ethnic chambers, trade associations; include county fairs and festivals to get information to groups who are having compliance issues. Start with: Booth at County and Trade Fairs (Use Tax, eReg, Underground economy, what's taxable info) Booth at Micro Brew/Food festivals – Food and Beverage Industry info Booth at Association conventions Attend Trade Group conferences – booth/speaker Expo participants at ethnic business annual conventions	All	1. Attend Trade Assoc meetings to see if the BOE can have a booth for free or at a reduced rate 2. Attend Industry Assoc meetings to see if the BOE can have a booth for free or at a reduced rate 3. Have industry specific information available for attendees	
Indian Casinos/Card rooms. Design a half-page single sheet to address use tax obligations at Indian Casinos and local Card rooms.	All	Work with the Statewide Indian Tribes Assoc – Ask that they give out reminder flyer about use tax Casinos – Leverage Compliant Tribes to spread the news about use tax	
Join Chamber Assoc to establish and strengthen partnership opportunities	All	Attend local chamber meetings and visit chamber offices to let them know about BOE services and ask for free or reduced rate memberships	
SCOP/Outreach combined meetings – at the district level have the Regional Outreach and SCOP teams meet annually to share information and to see how the teams can help each other get messages out to the community. agencies	All		

List of Proposed Outreach PROJECTS

Project	District Office (DO)	Outreach Methods	Estimated Completion Date
Partner with Ports/Airports. Partner with ports of entry to remind folks of Use Tax obligations. Use current pubs and tools	All	1. Meet with Airport and Port Authorities to form a partnership to disseminate use tax information	
Webinars. Produce webinars of industry specific problems (Tax Talks). Keep topics to 1 hour with open forum Q&A.	All	2. Attend industry and chamber meetings to promote webinars 3. Partner with other state and federal agencies for outreach 4. One-on-One meetings with city councils to promote webinars 5. Partner with enrolled agent groups to promote webinar 6. Promote through local media outlets 7. eBlasting invite to specific business codes that may benefit from webinars	
Expand Social Media Use. Announce updates to pubs, announce tax seminars and workshop dates, announce new online or webinar topics, etc.	All	1. Join business assoc social media groups 2. Post to assoc groups 3. Post to BOE Facebook 4. Post to BOE Linked-In 5. Use Twitter, etc	

Additional Regional Outreach Projects

1. Webinar
2. Teleconference Seminars for Business
3. Mailers
4. MREP Program
5. SOS Program
6. Making Taxes Simple
7. New Online Presentations
8. New Business Web Page
9. Enhanced In-Person Seminar Presentations (SUTD)
10. One-Stop-Shop (Getting Business Done) Events